

IOWA FINANCE AUTHORITY BOARD MEETING MINUTES

**Hotel Fort Des Moines
July 7, 2004**

BOARD MEMBERS PRESENT

Vincent Lintz, Chair
Kay Anderson, Vice Chair (via telephone)
Nancy Evans, Treasurer
Steve Adams

Virginia Bordwell (via telephone)
Roger Caudron
Douglas Walter
Dick Wright

STAFF MEMBERS PRESENT

Michael Tramontina, Executive Director
Lori Beary, Community Development
Finance Officer
Mary Bilstad, Affordable Assisted Living
Coordinator
Roger Brown, Director of HUD Programs,
Section 8 Contract Administration
Mickey Carlson – Single Family Program
Manager
Donna Davis, Deputy Director, Director of
Housing Programs
Monica Fischer, Public Information Officer
Alyson Fleming, Administrative Assistant

Craig Johnson, Financial Analyst/Underwriter
Bret Mills, Chief Financial Officer
Tim Morlan, Underwriter
Sharon Murphy, Housing Specialist HAF/HIRE
Julie Noland, Director of Administrative Services
Loyd Ogle, Director of Policy and Governmental
Affairs
Carla Pope, Service Enriched Housing Director
Tracy Scebold, Housing Allocation Manager
James Smith, General Counsel
Craig Swartzbaugh, Construction Analyst
Tim Waddell, Tax Credit Manager
Nancy Wallis, Administrative Assistant
Vicky Winter, Legal Secretary

OTHERS PRESENT

Kristi Boyce – Wells Fargo Bank Iowa, NA
Bob Burns – Burns & Burns, L.C.
Jim Conlin – Conlin Properties
Maryann Dennis – Greater Iowa City
Housing Fellowship
Joni DeVries – Wells Fargo Bank Iowa, NA
Grant Dugdale – Attorney Generals Office
Charles Eastham – Greater Iowa City
Housing Fellowship
David Grossklaus – Dorsey & Whitney Law
Firm
Al Hans – Piper Jaffray

Cory Hoeppner – Piper Jaffray
Nicole Jones – State Treasurer's Office
Sheila Lumley – Polk County Housing Trust
Fund
Bill McNarney – HUD
Katie Norris – Attorney Generals Office
Joe O'Hern – Fannie Mae Iowa Partnership
Office
Bruce Ray – HUD
Kristin Saddoris – Conlin Properties
Terry Vestal - IDED

CALL TO ORDER

Chair Lintz called to order the July 7, 2004 meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:55 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Anderson, Evans, Adams, Bordwell, Caudron, Walter and Wright.

REVIEW AND APPROVAL OF MINUTES

June 2, 2004 - Board Meeting

Chair Lintz introduced the minutes of the June 4, 2004 meeting of the Iowa Finance Authority Board of Directors.

Ms. Bordwell requested the inclusion of the term general fund in reference to the FY 05 budget.

Ms. Winter stated the requested inclusion to the minutes would be made immediately upon conclusion of the meeting.

MOTION: On a motion by Mr. Adams and a second by Ms. Evans, the Board unanimously approved the minutes of the June 2, 2004 meeting with the change noted above.

ELECTION OF OFFICERS

Chair Lintz opened the floor to nominations for the positions of Chair, Vice Chair, and Treasurer of the Authority.

MOTION: Mr. Caudron moved Chair Lintz and Vice Chair Anderson continue their service and nominated Ms. Brown as Treasurer. Mr. Adams made a motion to cease the nominations. On a second by Ms. Evans, the Board unanimously approved the nominations.

Ms. Evans stated she has been very impressed with the Authority and the staff. She said regrettably due to her teaching obligations and change in schedule, she will resign effective immediately with the July meeting as her last meeting.

Chair Lintz expressed his appreciation to Ms. Evans for her service to the Authority.

Mr. Tramontina thanked Ms. Evans for her service to the Authority

ADMINISTRATION/MANAGEMENT REPORT

Summary & Overview

Mr. Tramontina announced several items on the agenda including the Capital Adequacy report and the notice of intended action for the 2005 Qualified Allocation Plan (QAP).

Resolution Re: Recognition of Mr. Bill McNarney

Mr. Tramontina introduced Mr. Bill McNarney who since 1990 has coordinated and managed programs for the US Department of Housing and Urban Development (HUD). He said Mr.

McNarney was the first director of the Authority and will retire from public service on July 30, 2004.

Chair Lintz presented a plaque to Mr. McNarney in recognition and appreciation of his work in the area of affordable housing and community development. He said the housing programs conference room has been dedicated to Mr. McNarney and will be known from now on as the “William H. McNarney Conference Room”.

Mr. McNarney said he was honored and spoke briefly about his experience during the early years of the Authority.

MOTION: On a motion by Ms. Evans and a second by Mr. Adams, the Board unanimously approved the Resolution Re: Recognition of Mr. Bill McNarney.

Administrative Services Report

Ms. Julie Noland referred to the handout included with the Board materials. She said two staff members were recently recognized at the Golden Dome Awards Ceremony at the Capitol, Mr. Bret Mills, Leader of the Year and Ms. Carole Stevens, Employee of the Year.

Ms. Noland stated Mr. Kerry Carman was nominated for the Iowa Butterfly Award by Ms. Catherine Geissler and Mr. Peter Beck (Outside Edge, Inc.) for his initiative and leadership during the Front Line ZOOM Training.

LEGAL / REGULATORY

Final Action Re: 265 IAC Chapter 9; Title Guaranty Rules

Mr. Smith introduced the final action regarding the Title Guaranty Rules. He said the notice of intended action was filed in April and there has been no public comment and the rules are the same version as those previously noticed.

Mr. Wright inquired as to whether the Title Guaranty Board had recommended the adoption of the rules.

Mr. Smith stated in the affirmative.

Ms. Bordwell pointed out two significant changes on page 7 of the rules in reference to refinancing and title opinions.

Mr. Caudron referred to the well written article in the communications section of the Board materials which referenced the Title Guaranty Program.

MOTION: Ms. Evans made a motion to approve the Final Action Re: 265 IAC Chapter 9, Title Guaranty Rules. On a second by Mr. Wright, the Board unanimously approved the Final Action Re: 265 IAC Chapter 9, Title Guaranty Rules.

Notice of Intended Action Re: 265 IAC Chapter 12; 2005 Qualified Allocation Plan

Mr. Smith introduced the Notice of Intended Action Re: 265 IAC Chapter 12; 2005 Qualified Allocation Plan. He said a copy of the draft of the 2005 Qualified Allocation Plan is included for reference.

Mr. Tim Waddell referred to the summary of changes made to the Qualified Allocation Plan included in the Board materials.

Ms. Davis said the public comment process will begin once Board approval is given to the Notice of Intended Action. She said a public hearing will be held via the ICN on August 24, 2004 from 9:00 to 11:00 a.m. Ms. Davis said the Board will be sent the various locations the ICN will be available across the state.

Mr. Adams inquired as to section 6 under selection criteria. He said the Authority was accused of selectivity and internal cronyism in awarding projects in the past.

Mr. Smith said discussions with other counsel of various state housing finance authorities in reference to the language in section 6 is to reinforce the concept that the award of tax credits is not an entitlement as a matter of law. He said there are circumstances where the highest scoring project may not be awarded tax credits.

Mr. Caudron inquired as to whether the language strengthens the position of the Authority in the award of set-asides and per city caps.

Mr. Smith said the language will assist in addressing the argument that a project must be awarded credits simply based on the scoring process.

MOTION: Mr. Caudron made a motion to approve the Notice of Intended Action Re: 265 IAC Chapter 12; 2005 Qualified Allocation Plan. On a second by Ms. Bordwell, the Board unanimously approved the Notice of Intended Action Re: 265 IAC Chapter 12; 2005 Qualified Allocation Plan.

Notice of Intended Action Re: 265 IAC Chapter 19; 2005 State Housing Trust Fund Allocation Plan

Mr. Smith introduced the Notice of Intended Action Re: 265 IAC Chapter 19; 2005 State Housing Trust Fund Allocation Plan. He asked Ms. Davis and Ms. Sharon Murphy to address the specifics of the notice of intended action.

Ms. Davis said the process used is similar to the process used by the Authority in the Qualified Allocation Plan. She stated face-to-face meetings were held with all 2004 recipients to review their comments on the process. Ms. Davis referred to the memo included in the Board materials which summarized the changes made in the 2005 allocation plan.

Mr. Caudron inquired as to the scenario of a core city located within a county making an application and receiving an award, the county would not be precluded from making an

application for a separate program, would the county program then include the area within the city limits if there is an overlap.

Ms. Davis stated there should not be a situation where there is an overlap. She said the situation would be corrected during the certification process and in the above scenario; the county would serve the geographical area excluding the core city.

Mr. Wright inquired as to the number of applicants who have drawn funds.

Ms. Murphy said there were nine awards made in the 2004 round and seven of those have drawn funds.

MOTION: Mr. Adams made a motion to approve the Notice of Intended Action Re 265 IAC Chapter 19; State Housing Trust Fund Allocation Plan. On a second by Ms. Evans, the Board unanimously approved the Notice of Intended Action Re: 265 IAC Chapter 19; State Housing Trust Fund Allocation Plan.

Notice of Intended Action Re: 265 IAC Chapter 20; Senior Living Revolving Loan Program

Mr. Smith introduced the notice of intended action re: 265 IAC Chapter 20; Senior Living Revolving Loan Program. He referred any questions to Ms. Davis and Ms. Pope.

Ms. Pope inquired if the Board preferred she discuss both chapters in depth.

Mr. Caudron stated there was extensive discussion during the housing committee meeting.

Ms. Evans requested a discussion of any recommended changes or revisions.

Ms. Davis clarified Mr. Caudron's inquiry as to the proposed loan term of 20 years, rather than 30 years and whether tax exempt bond projects that apply for 4% credits are eligible to apply under the program.

Ms. Davis said the intent of the Legislature was to create a program that used revolving funds as much as possible and a shorter loan term would create funds that would revolve sooner than a 30 year loan term. She stated there was not much discussion on whether or not the 4% tax exempt bond projects would be eligible under this program.

Mr. Tramontina asked what would be done regarding the tax exempt bond projects with 4% credits.

Ms. Davis said the issue would be discussed and researched further.

Ms. Pope said Representative Heaton and Senator Tinsman were very involved in the creation of both programs.

MOTION: Ms. Evans made a motion to approve the Notice of Intended Action Re: 265 IAC Chapter 20; Senior Living Revolving Loan Program. On a second by Mr. Walter, the Board

unanimously approved the Notice of Intended Action Re: 265 IAC Chapter 20; Senior Living Revolving Loan Program.

Notice of Intended Action Re: 265 IAC Chapter 21; Home and Community Based Services Revolving Loan Program

Mr. Smith introduced the Notice of Intended Action Re: 265 IAC Chapter 21; Home and Community Based Services Revolving Loan Program. He said this is also a new section added to the Authority's enabling statute during the last legislative session.

Ms. Pope provided a brief overview of the program stating the services provided included adult day care, respite care and congregate meal sites.

MOTION: Mr. Caudron made a motion to approve the Notice of Intended Action Re: 265 IAC Chapter 21; Home and Community Based Services Revolving Loan Program. On a second by Ms. Anderson, the Board unanimously approved the Notice of Intended Action Re: 265 IAC Chapter 21; Home and Community Based Services Revolving Loan Program.

FINANCE AND ACCOUNTING

Finance Update

Mr. Bret Mills introduced Mr. Al Hans and Mr. Cory Heppner, both of Piper Jaffray. He said the meeting with S & P had been scheduled for July 22, 2004 in Chicago, Illinois to discuss an Issuer Credit Rating.

Mr. Mills stated the General Fund on an unadjusted basis has year-to-date income of \$1.3 million as shown in the five year trend analysis. He said when adjusted for the fair market value of the General Fund investments per GASB 31, the Authority's general fund reflects YTD income of \$522,905.00.

Capital Adequacy Report

Mr. Al Hans gave an extensive presentation to the Board on the information contained in the Capital Adequacy Report. He referred to the booklets distributed to the Board members present.

COMMUNITY / ECONOMIC DEVELOPMENT /STATE REVOLVING FUND (SRF) PROGRAM

Economic Development Loan Program

ED. Loan #04-04, NFP West Project

Ms. Lori Beary introduced an application for \$3,000,000 in Iowa Finance Authority Solid Waste Facility Revenue Bonds for NFP West in Nodaway in Adams County. She said the bonds will be used for the acquisition and rehabilitation of the solid waste disposal component of a swine production facility. Ms. Beary said New Fashion Pork has operations in Minnesota, Iowa, Illinois, South Dakota and Wyoming. She stated the facility near Nodaway was an existing farm that NFP purchased in May 2001 and remodeled. She said it is now a 6,000 sow farm which produces 2300 wean pigs per week which are fed out. Ms. Beary stated the project will require Private Activity Bond Cap.

Mr. Wright inquired as to whether there were zoning or public hearing issues in connection with the project.

Ms. Beary stated a public hearing will be held next month and to her knowledge there have not been any issues raised, as the project is located in an existing facility.

Mr. Adams stated there has been no press coverage in southwest Iowa regarding the project.

Ms. Anderson inquired as to the Authority's stand on any potential public hearing issues such as zoning in connection with the project.

Mr. Smith stated any potential zoning issues are not matters that the Authority passes upon.

Mr. Tramontina stated the public hearing notice would be placed in the local newspaper.

Ms. Beary stated the public hearing notice is typically placed in the local newspaper and always in the Des Moines Register.

RESOLUTION #04-04A

MOTION: Mr. Caudron made a motion to approve the application for Iowa Finance Authority Solid Waste Facility Revenue Bonds (NFP West, Project) Series 2004 for NFP West, RLLP and evidencing the intent to proceed with the issuance of \$3,000,000 Solid Waste Facility Revenue Bonds. On a second by Ms. Anderson, a vote was taken with the following results: YES – Bordwell, Caudron, Lintz, Anderson, Evans, Walter and Wright. NO – None, ABSTAIN – Adams. The Board approved Resolution #04-04A on a majority vote.

State Revolving Fund Update

Ms. Beary stated several meetings have been held with the staff from the Department of Natural Resources (DNR) as well as one with a member of the Governor's staff. She said a meeting was held June 30, 2004 with Mr. Tramontina and DNR Director Jeff Vonk. Ms. Beary reported the plan is to have a memorandum of understanding (MOU) by August.

Resolution Re: Commitment of Funds for Consultant

Ms. Beary introduced the Resolution Re: Commitment of Funds for Consultant. She said this resolution will renew the contract between the consulting firm of Griffin and Johnson (now Johnson Madigan Peek Dover and Stewart) and the Authority. Ms. Beary stated the Authority funds one-half of the contract and the Department of Economic Development funds the other half. She said the consultants work closely with the Iowa Office of Federal State relations in Washington, D.C. Ms. Beary stated the amount of the contract has been increased from \$30,000 to \$50,000, plus expenses which are not to exceed \$500 per month or \$6,000 for the fiscal year. She stated the Authority's total commitment for the contract is an amount not to exceed \$56,000.

A general discussion followed regarding future proposed projects for the consulting firm.

MOTION: Mr. Adams made a motion to approve the Resolution Re: Commitment of Funds for Consultant. On a second by Ms. Evans, the Board unanimously approved the Resolution Re: Commitment of Funds for Consultant in an amount not to exceed \$56,000.

Chair Lintz recessed the meeting at 12:30 p.m. and reconvened the meeting at 12:40 p.m.

HOUSING PROGRAMS

Single Family

Single Family Status Delinquency, and Activity Reports

Ms. Donna Davis referred to the monthly activities report and charts included in the Board materials.

Multifamily

Multifamily Preservation

Ms. Davis referred to the written summary included in the Board materials and the report including the usage of funds.

Low Income Housing Tax Credit-Allocations

Ms. Davis referred to the draft of the 2005 QAP and the summary of changes from 2004 which were included in the Board materials.

Section 8 Contract Administration

Ms. Davis referred to the written summary included in the Board materials.

Grants

Iowa Utilities Program

Ms. Davis introduced Mr. Craig Swartzbaugh and referred to the written summary of the program included in the Board materials.

Mr. Swartzbaugh made a brief presentation to the Board on the Multifamily and Institutional Energy Efficiency Improvements Program.

Resolution Re: Internship Program Grant to the Polk County Housing Trust Fund

Ms. Davis introduced the resolution Re: Internship Program Grant to the Polk County Housing Trust Fund (PCHTF). She said Authority is proposing an award of \$2,000 to the Polk County Housing Trust Fund to hire an intern for the summer of 2004. Ms. Davis reported the intern will work with leaders in the affordable housing arena to review and coordinate changes in the requests for proposal (RFPs) of the four affordable housing programs administered by the PCHTF and provide assistance in donor coordination.

MOTION: Mr. Adams made a motion to approve the Resolution Re: Internship Program Grant to the Polk County Housing Trust Fund in the amount of \$2,000. On a second by Mr. Caudron, the Board unanimously approved the Resolution Re: Internship Program Grant to the Polk County Housing Trust Fund.

Update of 28E Agreement with the Department of Human Services

Ms. Davis referred to the 28E agreement between the Department of Human Services and the Authority for the Rent Subsidy Program which was distributed to the Board.

Ms. Pope gave a brief report on the status of the program.

Continuum of Care Application Update

Ms. Davis referred to the handout distributed to the Board on the availability of funds through HUD for Shelter Plus Care. Ms. Davis said she is not asking for a motion of approval, but wanted to notify the Board that rather than not make an application for the funds, the Authority had taken the lead in making an application on behalf of the Northern Lights Shelter located in Mason City.

Mr. Wright inquired as to the letters written by the Iowa Council on Homelessness regarding the potential reduction in the funding of the Section 8 rental assistance voucher program.

Ms. Fischer referred to the media coverage regarding the Pheasant Ridge project in Iowa City.

Mr. Tramontina inquired if the Board would support the drafting of a letter to the Assistant Secretary of HUD regarding the potential reduction in the funding of the Section 8 rental assistance voucher program.

Ms. Fischer stated she would be happy to draft such a letter and distribute it to the Board.

TITLE GUARANTY DIVISION (TGD)

Mr. Ogle referred to the charts included in the Board materials and distributed additional charts reflecting the monthly activity of the Division.

POLICY / LEGISLATION

Mr. Ogle stated he had no report at this time.

COMMUNICATIONS

Ms. Monica Fischer referred to the handouts included in the Board materials.

Resolution Re: Grant to Iowa Homeownership Education Program for Consumer Education on Predatory Lending

Ms. Fischer introduced the Resolution Re: Grant to Iowa Homeownership Education Program (IHOEP) for Consumer Education on Predatory Lending. She said the Authority is proposing a one time grant of \$10,000 for the purpose of continuing consumer education on predatory lending.

A general discussion followed regarding the brochure including the print and language options.

Mr. Wright inquired if a contract would be drawn up between the parties to ensure compliance with the terms of the grant.

Ms. Fischer stated a contract would be drafted to ensure compliance with the terms of the grant.

MOTION: Ms. Anderson made a motion to approve the Resolution Re: Grant to IHOEP for Consumer Education on Predatory Lending in the amount of \$10,000. On a second by Ms. Bordwell, the Board unanimously approved the Resolution Re: Grant to IHOEP for Consumer Education on Predatory Lending.

CLOSED SESSION

MOTION: Ms. Evans made a motion the Board go into closed session pursuant to Iowa Code Section 21.5(1)(c) to discuss strategy with counsel in matters where litigation is pending or imminent, where its disclosure would be likely to prejudice or disadvantage the position of the governmental body in that litigation. On a second by Mr. Wright the Board unanimously approved the motion to go into closed session.

A roll call vote was taken: YES: Lintz, Anderson, Evans, Adams, Bordwell, Caudron, Walter, and Wright: NO: None. ABSTAINED: None.

MOTION: On a motion by Mr. Caudron and a second by Mr. Adams the July meeting of the Iowa Finance Authority Board of Directors adjourned at 1:30 p.m. to reconvene in closed session.

Chair Lintz requested the public and staff, with the exception of housing program and management staff, to leave the meeting.

MOTION: On a motion by Mr. Caudron and a second by Mr. Walter, the closed session portion of the July meeting adjourned at 1:59 p.m.

Chair Lintz reconvened the open meeting at 2:00 p.m.

MISCELLANEOUS ITEMS

Receive Comments from General Public

Chair Lintz opened the public comment period and asked if anyone in the audience would like to address the Board.

Mr. Charlie Eastham of the Iowa City Greater Housing Fellowship spoke to the Board on the availability of affordable housing in the Iowa City area.

Next Month

The next regular meeting will be held at 10:45 a.m. on August 4, 2004 at the Hotel Fort Des Moines.

ADJOURNMENT

There being no further business, on a motion by Mr. Caudron and a second by Mr. Walter, the July meeting of the Iowa Finance Authority Board of Directors adjourned at 2:19 p.m.

Dated this 4th day of August, 2004.

Respectfully submitted:

Approved as to form:

Michael L. Tramontina
Executive Director
Iowa Finance Authority

Vincent C. Lintz, Chair
Iowa Finance Authority

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